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DE RUEHML #0945/01 0600902
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O 010902Z MAR 06
FM AMEMBASSY MANILA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9662
INFO RUEHXS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY
RHHMUNA/CDRUSPACOM HONOLULU HI PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY

UNCLAS SECTION 01 OF 03 MANILA 000945

SIPDIS

SENSITIVE
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DEPT FOR EAP, EAP/MTS, DRL/CRA, DS, CA

E.O. 12958: N/A

TAGS: [PINS](#) [ASEC](#) [ECON](#) [RP](#)

SUBJECT: SITREP 20: PRESIDENT MULLS LIFTING OF STATE OF
EMERGENCY

REF: MANILA 942 AND PREVIOUS

11. (U) This message is Sensitive but Unclassified -- Please
handle accordingly.

12. (SBU) Summary: In a brief televised address mid-day on
March 1, President Arroyo said she wanted to lift the State
of Emergency at "the soonest time possible." She asked for
reports from key offices on the security situation within the
next 24-72 hours before making a decision. Manila remains
calm, with no major demonstrations planned and no
unauthorized troop movements. Exiled Communist Party leader
Jose Maria Sison has denounced the State of Emergency and
called for increased attacks on the government. The media
continues to express fears about government censorship. The
peso and stock market are up. The American Chamber of
Commerce issued a statement on February 28 calling for the
State of Emergency to be lifted as soon as possible. The EAC
next meets at 3:00 pm on March 2. End Summary.

Arroyo Speaks out on Ending State of Emergency

13. (U) At approximately 11:45 am on March 1, President
Arroyo delivered a televised address (full text in Para 11)
in which she said she would like to lift the State of
Emergency at "the soonest time possible" in order to return
to the administration's "primary mission" of strengthening
the economy. The President said she had requested reports
about the "peace and order" situation from the Secretary of
Justice, the Secretary of National Defense, and the Chief of
Police, to be delivered within the next 24 to 72 hours. She
said that she would lift the State of Emergency when she is
convinced that the government was in "full control" of the
situation. On February 28, Cabinet officials announced that
they were planning to meet with the President on March 4 to
discuss the possible lifting the State of Emergency
(reftels). On March 1, Vice President Noli de Castro told
the press that, if it were up to him, the State of Emergency
"would be lifted this week because the emergency has already
subsided."

14. (SBU) Defense Secretary Cruz and AFP service chiefs plan
to attend a meeting at Malacanang mid-morning on March 2, but
have all accepted a mid-day invitation from Pacom's Admiral
Fallon aboard the USS Essex.

Manila Remains Calm

15. (SBU) The situation remained calm in Manila on March 1. No major demonstrations were reported during the day and schools and businesses remained open. The AFP has reduced its presence around Malacanang Palace.

Sison Calls for More Attacks

16. (U) In a March 1 statement, the founder of the Communist Party of the Philippines (CPP), Jose Maria Sison, denounced from his exile in the Netherlands the imposition of a State of Emergency and called for the New People's Army (NPA) to step up attacks against the government. Sison said in a statement to news agencies that "all the patriotic and progressive forces" must "intensify all forms of struggle in order to oust the regime." While denying allegations that the NPA had allied itself with any coup plotters in the Philippine military, he said "there is nothing wrong if, under certain conditions, the representatives of the CPP and any anti-Arroyo group in the military and police negotiate and make agreements for the benefit of the people."

Press Criticizes Guidelines

17. (U) The media community is mostly united in its heated criticism of and of comments from GRP officials on "guidelines for proper and fair reporting." Police Chief Lomibao addressed a large group of media at a press conference hosted by the Manila Overseas Press Club the evening of February 28 at which he said media coverage

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"should not hurt the Philippine state by obstructing governance including hindering the growth of the economy and sabotaging the people's confidence in government and their faith in the future of this country.⁸ He also informed the media that security forces would "visit" broadcasters, but gave no further details on the nature of these visits. The President's Chief of Staff Michael Defensor reassured the media that there are no plans to impose censorship. Many in the media interpret the mixed signals as a call for journalists to engage in self-censorship, and many have commented on the "chilling effect" on journalism of the government's actions. One broadcaster who attended the February 28 event described the situation as "surreal." On March 1, the National Press Club held a small rally in Manila at which participants denounced GRP pressure on the media.

Economy Upbeat

18. (U) On March 1, the peso was trading at slightly higher levels against the dollar than its close on February 28. The Philippine Stock Price Index (Phisix) inched up for the third consecutive day. The Phisix closed March 1 at a new three-week high of 2,135.27, having rebounded by a cumulative 3.2% since February 27, more than making up for the 1% decline logged on February 24 following the declaration of a State of Emergency. Foreign investor jitters at the opening of the current trading week -- evident from the 100.6 million peso (\$1.9 million) net sell-off on February 27 -- also appear to be subsiding. Securities traders commented that favorable 2005 corporate profit results and expectations that the President would lift the State of Emergency over the coming weekend boosted sentiment.

AmCham Statement

19. (U) On February 28, the American Chamber of Commerce

issued a press statement on the recent political events in which it regretted ongoing political instability and urged an "early and peaceful resolution within the rule of law, with full respect for civil rights." AmCham noted that political stability is an essential requisite for a strong business environment and expressed the hope of the foreign business community that the State of National Emergency would be lifted "as soon as possible."

EAC

¶10. (SBU) The next EAC is scheduled for 3:00 p.m. on March
¶2. The operations of the Crisis Management Center have been scaled back until 11:00 p.m. (local).

¶11. (U) The following is a translation of President Arroyo's public statement, delivered in Tagalog, at approximately 11:45 am March 1.

Begin text:

My countrymen, thank you for the kind understanding of the many from our private and business groups in our move to defend our democracy from the threat of communist rebels and a few disillusioned soldiers with their political collaborators. Your understanding and kind acceptance helps much to appease the situation. The administration is determined to return to our primary mission -- to strengthen our economy, to lift the poor and to serve the needs of our citizenry. Towards that goal, I would like to lift the proclamation of the state of emergency at the soonest time possible.

I am requesting three reports to be submitted to me within the next 24 to 72 hours to study the security situation. The Secretary of Justice will report to me about the moves for

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destabilization, the Secretary of Defense about military control, and the Chief of Police about the peace and order situation. I will lift the state of emergency if I am convinced that each of these officials can assure me that we are in full control of the situation. The administration moved to protect the safety and peace of our Republic and we will end the state of emergency when we can meet these

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standards against destabilization, the armed forces, and rule of law.

I am hoping that there will be more significant efforts to push these issues in the coming days. Thank you again my countrymen and may God bless us.

End text.

Jones